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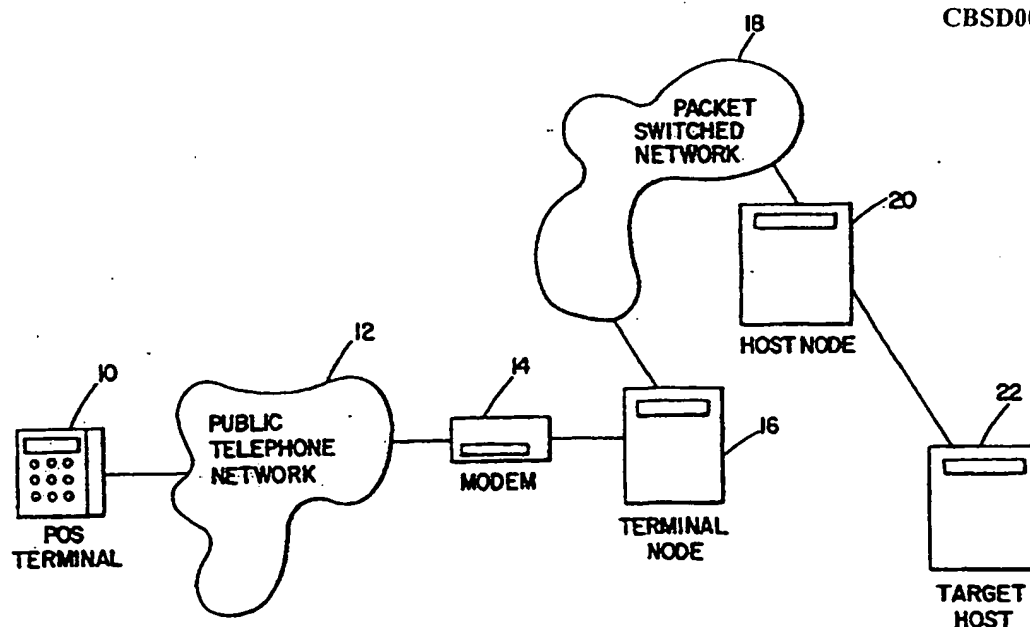
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(57) Abstract

A system for processing credit card transactions is disclosed. Transaction data to be processed is sent by point of system terminal to a terminal node connected to a sophisticated communications network. The terminal node uses routing data contained in the transaction data to establish a connection to a verification service host. The connection is established while the terminal node concurrently continues to receive and then validate the transaction data. Overall transaction processing time is reduced because the network connection needed for verification of the transaction data is established while, rather than after, transaction data is received and validated.

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## AUTOMATED ROUTING OF MESSAGES OVER A NETWORK

### BACKGROUND AND SUMMARY OF THE INVENTION

#### 5 Field of the Invention

The present invention relates generally to systems for effecting point of sale transactions. In particular, the present invention relates to a system for communicating between a point of sale terminal and one of a number of credit verification services. The particular verification service is chosen based on a Bank Identification Number assigned by the credit card administrator to organizations that participate in specific card plans.

#### Background of the Invention

When bank transactions, such as the purchase of an item using a credit card, are originated from a point of sale ("POS") terminal, a message consisting of transaction data is sent from the POS terminal to a verification service over a computer network. The POS terminal has the ability to read the magnetic strip on a credit or debit card (in order to accept card information), to accept data regarding the transaction from a keyboard or other input means, and to originate a telephone call to an appropriate port that can access the verification service—usually, via a sophisticated communications network such as CompuServe. The POS terminal provides, as part of the message, information for a host computer on the communications network to establish a connection with and route the message to a host computer at the proper verification service (the target host). Specifically, the message contains a Bank Identification Number that is used by a host on the communications network to select a verification service. A Bank Identification Number is a unique and individual series of numbers assigned by the credit card administrator to organizations that participate in specific card plans.

In a typical credit card transaction, transaction data sent from the POS terminal is verified by a host computer on the communications network before it attempts to connect to the target host. If the transaction data is invalid, notification is sent to the POS terminal so the message may be resent. If the transaction data is valid, the host on the communications network extracts routing information from the message and attempts to establish a connection with the target host. If the connection is successful, verification of the transaction may be completed.

#### Summary of the Invention

In processing credit card transactions, transaction speed is important because decreases in transaction speed may result in increases in the number of transactions completed during a particular time period. Therefore, an important goal in credit card transaction processing is to reduce the time needed to complete a transaction. The objective of the present invention is further reduce transaction processing time.

The present invention further reduces transaction processing time by establishing a connection with a target node while the transaction data is being received from the POS terminal, but before it is validated. In the event that the transaction data is valid, verification of the transaction may begin as soon as the connection is established. If the connection is established before validation of the transaction data, verification of the transaction may begin immediately following validation. The advantage of the present invention are explained further by the accompanying drawings and detailed description.

#### BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1 is a diagrammatic view of the system organization for a preferred embodiment of the present invention;

Figure 2A is a flow chart of the principal steps for completing a credit card transaction;

Figure 2B is a continuation of the flow chart of Figure 2A; and

Figure 3 is a timing diagram that illustrates the timing for the steps in completing a credit card transaction.

#### DETAIL DESCRIPTION OF PREFERRED EMBODIMENT(S)

5 Referring to Figure 1, a diagrammatic view of the system organization for a preferred embodiment of the present invention is shown. A POS terminal 10 is connected for communication with a public telephone network (PTN) 12, so that a verification call that will ultimately reach a target host computer 22 at a verification service may be placed over the PTN 12. Preferably, the PTN 12 is connected—via a modem 14—for communication with a  
10 communications network 18. The communications network 18 may be a part of the PTN 12, or it may be a separate network accessed by the PTN 12. Preferably, the communications network 18 is capable of establishing a connection with a number of verification services. Preferably, the transaction is processed through a terminal node 16 and a host node 20 that are part of the communications network 18.

15 The POS terminal 10 is equipped with a card reader for reading the magnetic strip. The POS terminal 10 also has a keyboard or other input means for manually entering the account number and other purchaser and card data. Other means for reading or entering this data may be used as well. The POS terminal 10 will normally also have a display means, such as an LCD display, and printing means, such as a transaction record printer.

20 Referring to Figure 2A, the principal steps for processing a credit card transaction are presented. When the transaction is ready for processing, the POS terminal directs a call, preferably through the public telephone network, to the Terminal node 12. Preferably, the terminal node is part of a sophisticated communications network such as CompuServe. A modem, under the control of the Terminal node, answers the call placed by the POS terminal

14. In the next step 16, the Terminal node prompts the POS terminal for the transaction data associated with the current purchase. The POS terminal responds to the request by sending the transaction data to the Terminal node 18. Preferably, the transaction includes routing data that may be used to determine which verification target host should be used to verify the transaction. Preferably, the routing data is located at the beginning of the transaction data and includes a Bank Identification Number (BIN) for selecting a verification service. Preferably, the BIN may be used to locate detailed connect information needed to establish a connection with a target host belonging to the verification service. The BIN may be converted to a communications address through the use of a look-up table or through any other translation method.

Next, the Terminal node extracts the routing data from the transaction data sent by the POS terminal 20. Preferably, the Terminal node starts to establish a connection with the target host at substantially the point at which the routing data has been extracted 22. The attempt to establish the connection is made while the Terminal node continues to receive and then validate transaction data from the POS terminal 22. The ability to establish a network connection with a verification service target host while the remaining transaction data is received and validated is unique to the present invention. The ability to establish the network connection while processing the remaining transaction data reduces the overall processing time because the connection and processing functions are performed concurrently rather than sequentially.

Referring to Figure 2B, in the next step—which occurs after the transaction data has been received by the Terminal node—the Terminal node validates the transaction data, preferably by performing a checksum operation on the data 24. The process of performing a checksum operation is well-known in the art and is not explained here. If the transaction data

was not properly received, the connection to the target host is interrupted 26. Preferably, an error recovery process is started and the Terminal node prompts the POS terminal to resend the transaction data. The error recovery process starts at step 16 of Figure 2A. If the transaction data was properly received, then the Terminal node may take advantage of the connection that has been established with the target host and transmit the transaction data to the target host for verification 30. Data may flow in both directions in order to complete the authorization of the transaction. One, 2, or more messages may be needed for authorization.

Figure 3 is a timing diagram that illustrates the timing for the steps in completing a credit card transaction. The figure shows which steps occur sequentially (one step does not begin until the previous has ended) and which steps occur concurrently (more than one step is performed at a given point in time). The arrows indicate the direction of data transmission. The ability to perform some of the operations concurrently—which is unique to the present invention—results in a reduction of the overall transaction processing time. As shown in Figure 3, the POS terminal 10 connects to the Terminal node 14, preferably via a modem 12 controlled by the Terminal node. Preferably, transaction data is sent to a target host 20 via a host node 18 connected to a communication network 16.

In the first step 22, the POS terminal calls the Terminal node. Next, the Terminal node answers the POS terminal call 24 and prompts the POS terminal for the transaction data 26. The POS terminal then starts transmitting the transaction data 28 to the Terminal node. Until this point, all steps are performed sequentially. In the next step, the Terminal node extracts routing data at substantially the point at which that portion of the transaction containing the routing data arrives at the Terminal node and then initiates a connection to the target host 32. It is at this point that the present invention starts performing concurrent operations. One operation—the network connect operation—consists of the sequential steps of (1) sending a

network connect request 32 from the Terminal node 14 to a host node 18, (2) the host node 16 initiating a call 34 to the target host 20, (3) the host node 18 receiving an acceptance 36 from the target host 20, and (4) the host node 18 transmitting to the Terminal node 14 a connect acceptance 38. The other operations performed at the same time as the network connect operation are the sequential operations of first receiving and then validating the remainder of the transaction data past the previously extracted routing data 30. At this point the connection is open so that data may flow in both directions to complete the authorization of the transaction.

A preferred embodiment of the present invention has been described in detail. The description of this particular embodiment is merely illustrative of the principles underlying the inventive concept. It is therefore contemplated that various modifications of the disclosed embodiment will, without departing from the spirit and scope of the present invention, be apparent to persons of ordinary skill in the art.



## WHAT IS CLAIMED IS:

1. A credit card transaction system, comprising:
  - a point of sale terminal for transmitting transaction data related to a credit card purchase;
  - 5 a plurality of verification services for verifying said transaction data related to said credit card purchase;
  - a terminal node on a communication network, said terminal node capable of receiving, validating, and forwarding said transaction data transmitted by said point of sale terminal;
  - 10 a target host at one of said plurality of verification services, said target host capable of receiving said transaction data from said terminal node via said host node on said communication network;
  - routing data for establishing a connection between said terminal node and said target host, said routing data extracted from said transaction data at substantially the point of
  - 15 arrival of said transaction data at said terminal node;
  - a connection between said terminal node and said target host, said connection initiated by said terminal node at substantially the point at which said routing data is extracted from said transaction data.

2. The system of claim 1, wherein said terminal node concurrently processes said transaction data and establishes said connection to said target host.
3. The system of claim 2, wherein said terminal node processing of said transaction data includes receiving and validating said transaction data.
- 5 4. The system of claim 1, wherein said target host at one of said plurality of verification services is selected based on a bank identification number in said routing data.
5. The system of claim 1, wherein said connection from said terminal node to said target host is through one or more intermediate nodes connected to said communication network.
- 10 6. A method of processing credit card transactions, said method comprising the steps of:  
transmitting transaction data from a point of sale terminal to a terminal node connected to a communications network;  
extracting from said transaction data routing data for establishing a connection between said terminal node and a verification service target host;  
15 establishing a connection between said terminal node and said target host, said connection initiated by said terminal node at substantially the point at which said routing data is extracted from said transaction data.

7. The method of claim 6, further comprising the step of concurrently processing said transaction data and establishing said connection to said target host, said concurrent processing performed by said terminal node.
8. The method of claim 7, further comprising the step of processing said transaction data by said terminal node receiving and validating said transaction data.
9. The method of claim 6, further comprising the step of selecting one of said plurality of verification services based on a bank identification number in said routing data.
10. The method of claim 6, further comprising the step of connecting from said terminal node to said target host through one or more intermediate nodes connected to said communication network.
11. A credit card transaction system, comprising:
  - a point of sale terminal for transmitting transaction data related to a credit card purchase;
  - a modem for answering calls initiated by said point of sale terminal;
  - a terminal node controlling said modem, said terminal node connected to a communication network and capable of receiving, validating, and forwarding said transaction data transmitted by said point of sale terminal;
  - a plurality of verification services for verifying said transaction data related to said credit card purchase;
  - a target host at one of said plurality of verification services, said target host capable of receiving said transaction data from said terminal node via a host node on said communication network;

a bank identification number for selecting a target host computer at one of said plurality of verification services, said bank identification number contained in said transaction data transmitted by said point of sale terminal and extracted by said terminal node from said transaction data at substantially the point of arrival of said transaction data at said terminal node;

network connection data for establishing a connection between said terminal node and said target host computer, said network connection data located using said bank identification number contained in said transaction data;

a connection operation to establish a connection between said terminal node, a host node on said communication network, and said target host computer, said connection initiated by said terminal node at substantially the point at which said terminal node locates said network connection data;

a transaction data validation operation in which said terminal node receives and performs a checksum on said transaction data , said validation operation being performed by said terminal node concurrently with said connection operation.

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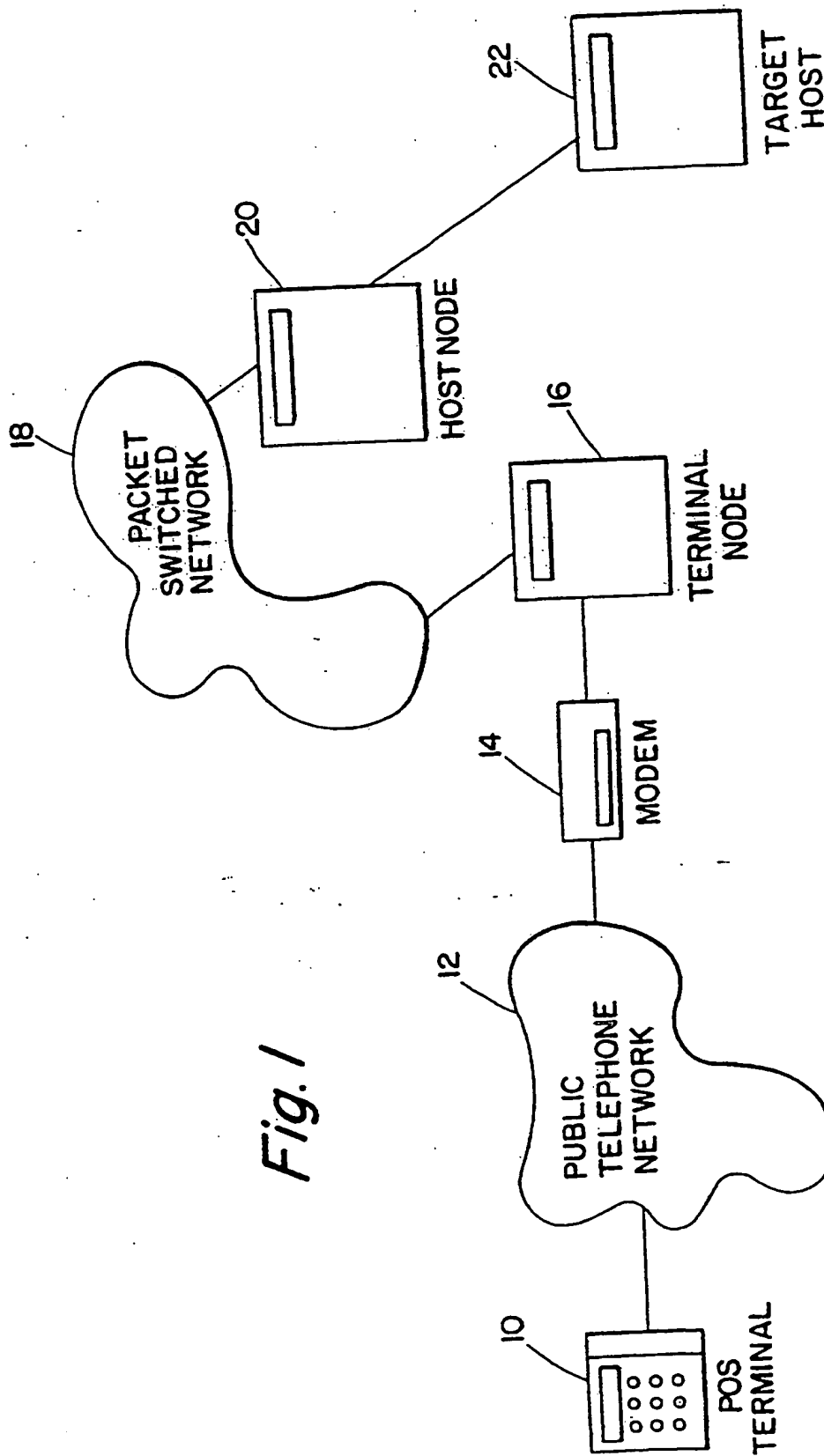
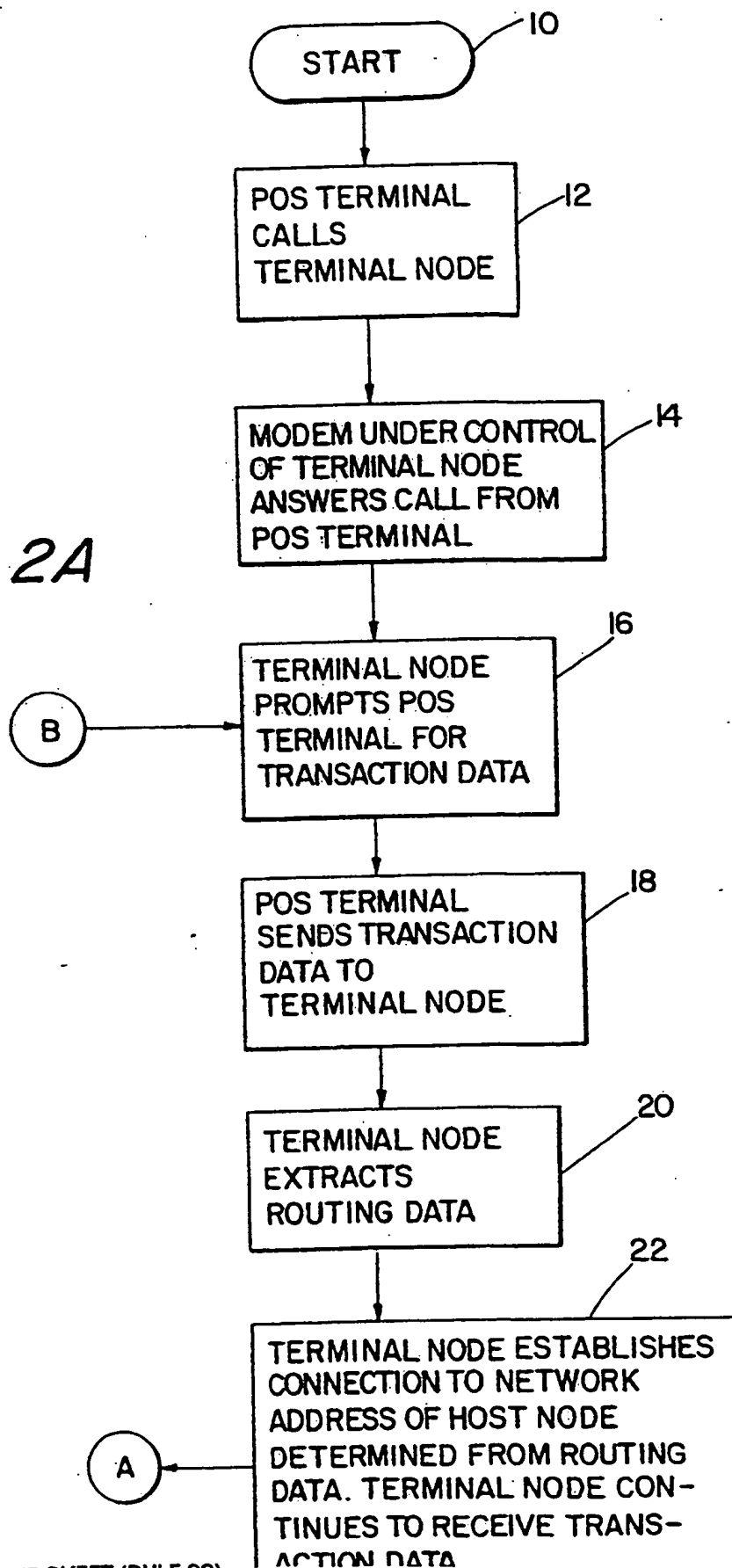
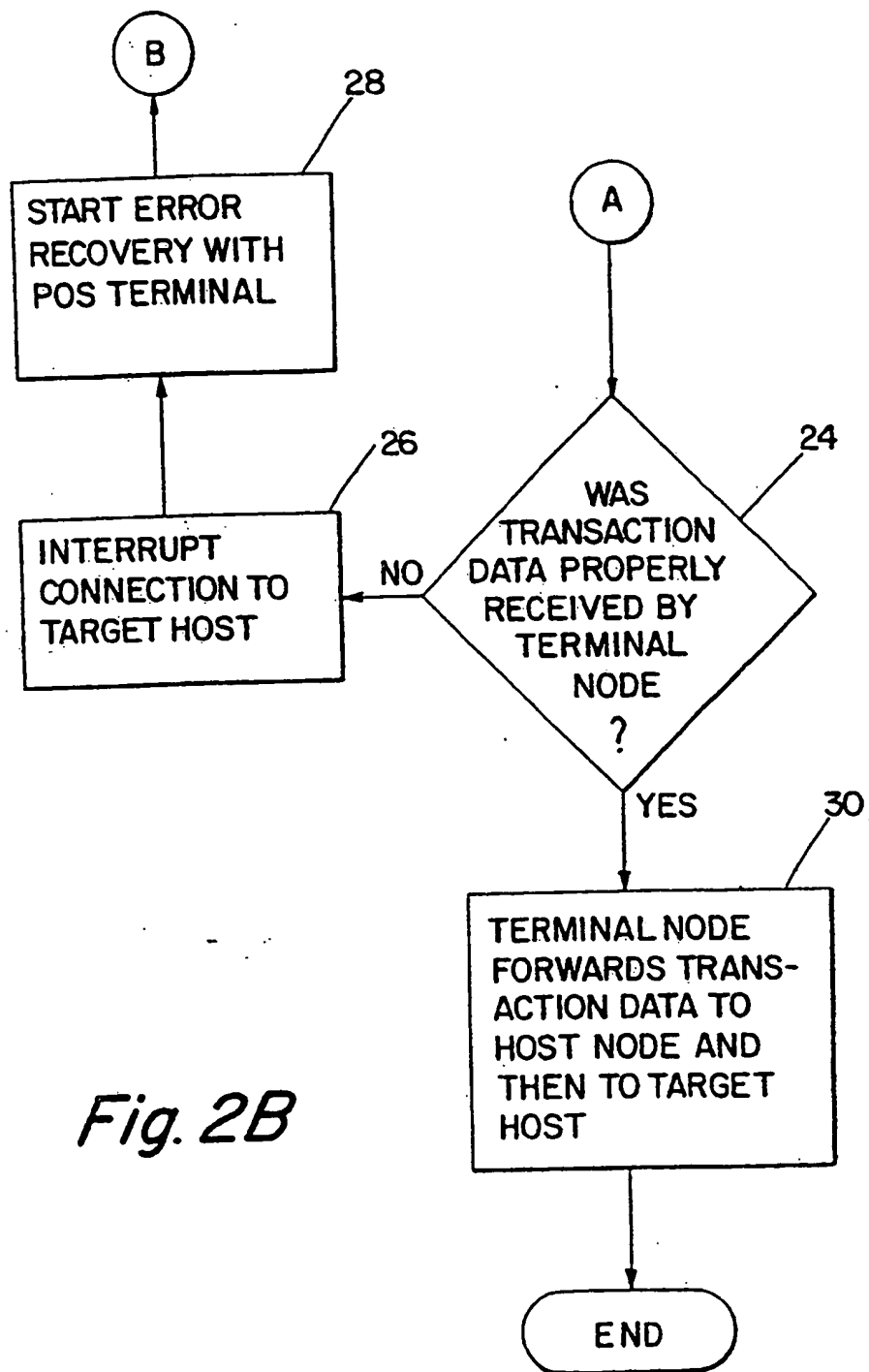


Fig. 1

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*Fig. 2A*

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*Fig. 2B*

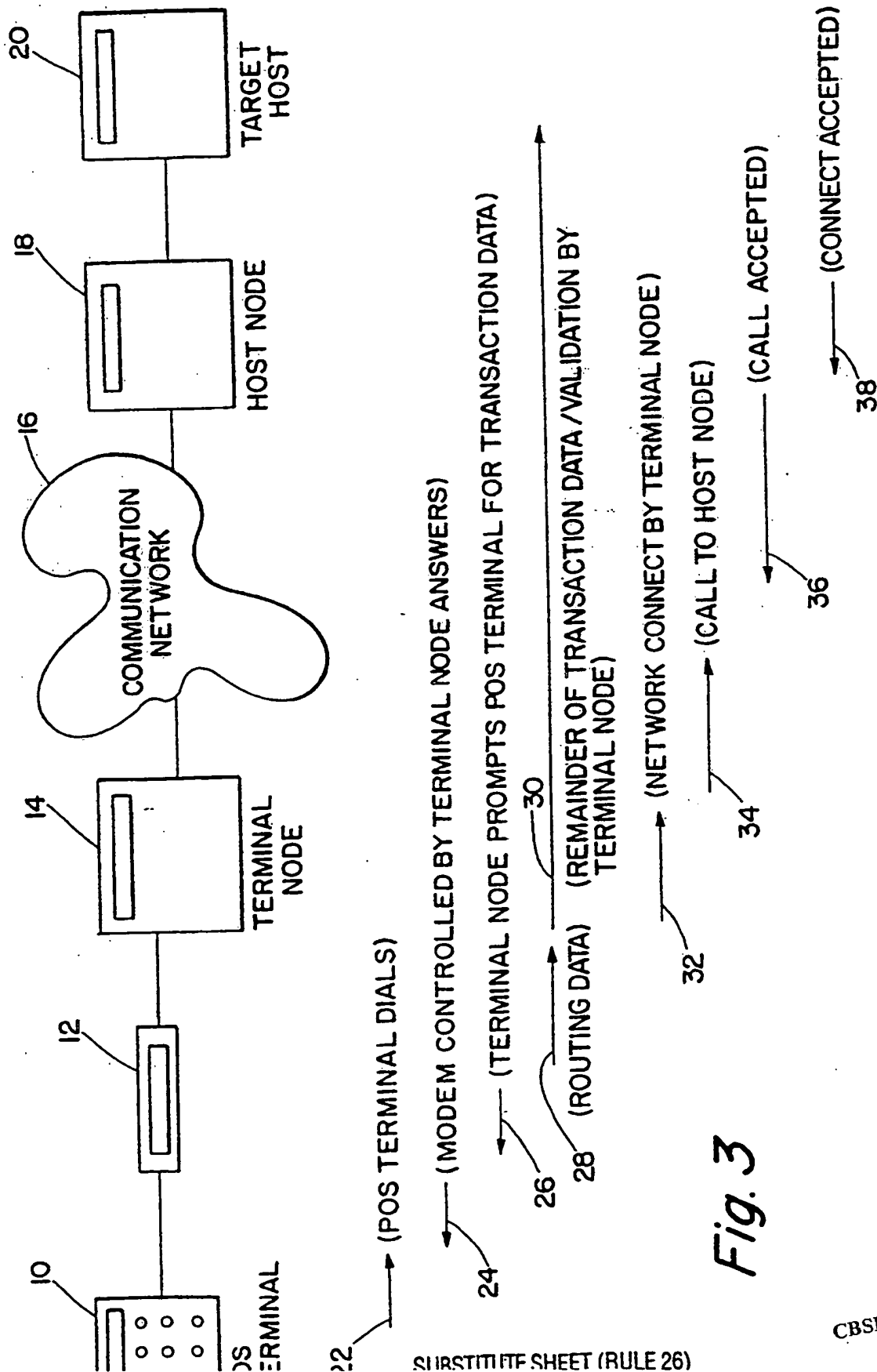


Fig. 3



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